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SUBJECT: BRAZIL: IAEA DG ELBARADEI ADDRESSES LATIN AMERICA-EUROPE  
CONFERENCE ON NUCLEAR ENERGY

REF: A) Brasilia 2047; B) Brasilia 2185; C) Brasilia 1721

1. (SBU) Summary: On December 6-7, 2007, Rio based think-tank CEBRI (Centro Brasileiro de Relacoes Internacionais - Brazilian Center for International Relations) hosted an international seminar geared toward promotion of the use of nuclear energy and to enhancing the nuclear energy dialogue between Europe and Latin America. World Nuclear Association Director General, John Ritch, opened the seminar with his pitch for nuclear energy as an answer to threat of global climate change and to rising energy needs in the developing world. These themes resonated throughout the two-day conference. IAEA Director General Mohamed ElBaradei described the virtues of nuclear energy and the potential safety and security challenges associated with what he sees as a "major expansion of the use of nuclear energy in the future, especially among smaller and developing countries." Brazilian nuclear experts and professionals also described local capabilities, and plans to construct several new nuclear facilities by 2030. To this end, foreign investment in the Brazilian nuclear sector may also greatly increase in the near term. End Summary.

IF THE WORLD WERE A RIVER WE'VE REACHED THE WHITEWATER

2. (SBU) World Nuclear Association (WNA) Director General, John Ritch, opened the seminar by concluding that "nuclear energy is the future of mankind and civilization - it is an indispensable asset to combat an environmental crisis (global climate change) while simultaneously satisfying rapidly increasing global human demands for energy." (Note: Full text of Ritch's presentation available in English at: [http://www.cebri.org.br/09\\_visualizapdf.cfm?nrSecao=4](http://www.cebri.org.br/09_visualizapdf.cfm?nrSecao=4). End note). Ritch explained that due to "human inventiveness," i.e., industrialization and technological advancement, the global population dramatically increased over the last century alone. Similarly, IAEA Director General Mohamed ElBaradei opined that nuclear energy may be a solution to what he described as the great challenges for contemporary humanity - global climate change, extreme poverty and "a world hanging in the balance because of the prevalence of nuclear weapons, especially in the case of establishing a security agreement in the Middle East."

3. (SBU) With regard to the environment, Ritch stated that "if the world were a river, we've reached the whitewater." In other words, we have reached a "point of no return" where human activities are driving the environment into imbalance. Ritch emphasized that human activities around the world are contributing to threat of global climate change and that this threat must be addressed by reducing anthropogenic greenhouse gases released into the atmosphere. Nuclear energy, he said, is the answer due to its potential to produce lower GHG emissions, while at the same time satisfy rising global energy needs. Moreover, it could also help to fuel the clean energy revolution by increasing our ability to rely on hydrogen and

battery power. According to Ritch, "the true environmental problem is that nuclear energy is not growing fast enough."

¶4. (SBU) Ritch went on to point out that rising global energy needs and production costs are also of concern - the developed world has ongoing energy demands, while under developed and developing countries are in desperate need of energy as they accelerate growth.

In addition to electricity, energy demands in the latter regions are also rising, e.g., because of the need for governments to provide potable water to their populations via the energy hungry desalinization process. According to Ritch, nuclear energy is currently the most cost effective energy production method and this benefit will only increase as governments begin to impose penalties for excess GHG emissions.

#### A NUCLEAR RENAISSANCE

¶5. (SBU) Presenters at the seminar were unanimous - nuclear energy is enjoying a renaissance due to changing global realities and political climates. These changes have led to new partnerships and more public acceptance of nuclear energy. For example, Ritch pointed out USG-India cooperation and the recently reinvigorated nuclear energy cooperation among India, Brazil and South Africa (reftel A). In order to ensure that the nuclear renaissance continues, Ritch also highlighted that as we move beyond the Kyoto Protocol we must construct a global regime of contraction (reduce GHG emissions) and convergence (equalize per capita emissions rights and access to nuclear fuel), and also elevate nuclear investment (especially in the face of what Ritch termed as a failing UN system that is being intimidated by anti-nuclear voices). He added that building the nuclear profession through science and technology and management education (e.g., WNA Summer Institute and orientation course in Brazil first week of March 2008), and using public diplomacy tools to ease public concerns about nuclear energy

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(especially as it relates to waste) are equally important.

¶6. (SBU) ElBaradei added that the following factors will determine the future of nuclear energy: 1) infrastructure; 2) innovation; 3) safety - the lifeline of nuclear power; 4) security - protect from nuclear materials falling into the wrong hands and accelerate conclusion of responsibilities under the NPT; 5) economic competitiveness; 6) equity among nations - small countries should consider a regional approach to developing nuclear power and fuel should be multi-nationalized; and 7) waste - experts say that waste can effectively and safely dealt with - the challenge will be to educate the public.

¶7. (SBU) Ambassador Sergio Duarte, Brazil's High Representative for Disarmament Affairs, agreed the concept of a nuclear renaissance, but emphasized that assuring equity in its revival is essential. Peaceful use of nuclear energy, he said, should be available to any and all countries. He pointed out that for many states, "the global nuclear regime is evolving in a lop-sided, even discriminatory manner" and that many non-nuclear weapons states also have concerns over "the need to restore some fairness and balance in the distribution of responsibilities of states that participate in the Non Proliferation Treaty (NPT) regime." The resulting "crisis of confidence" in the NPT requires tightening of non-proliferation controls as well as more significant progress in disarmament and overcoming obstacles to the peaceful uses of energy."

¶8. (SBU) Duarte went on to say that the nuclear renaissance may become an important solution to the fight against global warming, but it will also likely produce thousands of tons of new fissile material that will need to be stored and/or disposed of. Thus, in order to meet the challenges of nuclear energy in the future Duarte said that the evolving nuclear regime must: 1) increase IAEA leadership on dialogues involving the NPT, fuel cycle debate and other negotiations; 2) recognize the rights of all countries to the peaceful use of nuclear energy (universal membership); 3) demand that nuclear weapons states comply with their obligations under international law; and 4) require all states to ensure that domestic law and policy is consistent with international non-proliferation regimes.

## BRAZIL'S NUCLEAR FUTURE

¶9. (SBU) Representatives from both the Brazilian Association for the Development of Nuclear Activities (ABDAN) and the Brazilian Nuclear Energy Association (ABEN) described the green virtues of nuclear energy (Note: Brazil is the fourth largest emitter of GHGs worldwide, but the majority of its emissions occur as a result of deforestation, not fossil fuel emissions. End Note). They also lauded nuclear energy's cost effectiveness and the ever-increasing energy demand in Brazil, especially in rural areas. Accordingly, Brazil has revived the construction of its third nuclear reactor (Angra III - est. completion by 2014) and plans to build 4-8 new nuclear reactors by 2030.

¶10. (SBU) Demonstrating the broad governmental support that the development of nuclear energy enjoys in Brazil, Brazilian Minister of Science and Technology, Sergio Rezende, highlighted the prominent role that nuclear energy development will play in the Ministry's recently released national S&T plan (Note: The plan was announced in November of 2007 by President Lula. Overall, the plan calls for an estimated USD 11 Billion in funding). Rezende reiterated that Brazil supports universal use of nuclear energy for peaceful purposes and that Brazil stands to play an important role in the international nuclear renaissance. Rezende added that Brazil is working to address the challenges of security and safety, waste, development of human resources, and the expanded exploration of uranium.

¶11. (SBU) In addition to public financing of its ambitious nuclear energy agenda, Brazil has also appeared to garner significant interest from international private investors. For example, French company Areva (a major sponsor of the seminar) is reportedly making a serious push to provide its services in Brazil as the Brazilian government expands nuclear power. During the seminar, Areva Brazil Executive Director, Johannes Hobart, presented France "as a reference case for safe and sustainable production of nuclear energy." He added that "Areva is the only company in the world that provides services for all cycles of production and recycling." With regard to uranium prospecting, in conjunction with Brazilian juggernaut Companhia Vale do Rio Doce (CVRD), Australia and Canada also have plans underway to revive uranium prospecting in Brazil.

¶12. (SBU) Brazil indeed appears to have sufficient uranium supplies

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to meet the planned growth of its nuclear energy sector. The majority of its reserves are conveniently concentrated in three geographic areas of Brazil: (Pitinga (NW); Santa Quitéria (NE); and Lagoa Real (CE). At present, Brazil processes about 400 tons per year, but production is planned to increase to 800 tons by 2011. According to figures presented by Leonam dos Santos Guimaraes, Advisor to the President of Eletronuclear, Brazil ranks 6th in the world in terms of uranium reserves (6.7% of worldwide reserves) - (survey of Brazil's reserves were done in the mid to late 70s), but only 30% of Brazil's reserves have actually been prospected. Guilherme Camargo of ABEN added that while mining of uranium is ongoing, prospecting has not occurred since the 80s.

¶13. (SBU) According to Brazilian experts at the seminar, Brazil also has the capacity to deal with nuclear waste and spent fuel. To oversee the waste from expanded nuclear energy production, the Brazilian government plans to create the Empresa Brasileira de Rejeitos Radioativos (Brazilian Radioactive Waste Agency), which will deal exclusively with nuclear waste. For high level waste and spent fuel, Brazil plans to use a deep geological deposit model similar to that used by Sweden. (Note: Brazil already has 3 temporary waste deposits for low-level waste and 2 pools for temporary spent fuel storage. The issue of waste has also affected Brazilian public perception of nuclear energy due to an accident in city of Goiana in 1987 where a cylinder with radioactive material was removed from an abandoned medical clinic. The removal and subsequent spreading of the radioactive material to the local population resulted in several deaths and many more cases of radioactive poisoning. Clean-up of the site did not conclude until ¶1997. End Note).

## REGIONAL COOPERATION

¶14. (SBU) Regionally, South America is not immune to the global challenges of climate change, rising energy demands, and poverty. Moreover, as leaders in the region and current users of nuclear power, DG ElBaradei said that he could "see Brazil as a regional supplier and Argentina could become a joint partner." Other countries in the region are also interested in nuclear power - ElBaradei explained that leaders in Chile and Uruguay told him that they are interested in developing nuclear energy capabilities.

¶15. (SBU) In the case of Argentina, Argentine Ambassador Elsa Kelly briefly described Argentina's support of non-proliferation efforts and of peaceful uses of nuclear power. Kelly highlighted the important bilateral relationship with Brazil in this regard. She also provided an update on Argentina's position on the Additional Protocol (AP) and Global Nuclear Energy Partnership (GNEP). According to Kelly, Argentina still maintains observer status in GNEP. She added that Argentina will likely take Brazil's lead regarding the AP and will not finalize its position on the AP until Brazil does. (reftel B and C).

## COMMENT

¶16. (SBU) Brazil clearly seeks to raise its profile within what many are calling a nuclear renaissance. Plans with political support are underway in Brazil to make nuclear energy a significant part of its domestic energy portfolio in the future. Moreover, as the concept of supply assurances gains more traction, Brazil also has the ambition and the natural resource capacity to become a regional supplier of nuclear fuel. Internationally, Brazil is wooing private investment in its nuclear sector and voicing its position on NPT obligations and equitable access to nuclear energy for all states. Opportunities for US investment in the Brazilian nuclear sector also likely exist, although such investments were not discussed at the seminar. At least two questions that remain to be seen are whether public financing of Brazil's nuclear develop plans will materialize over time, and whether Brazil's plans to deal with nuclear waste will keep pace with its ambitious production goals.

## CHICOLA